

DRAFT FORM — NOT FOR FILING

This draft form has been updated to include the most recent changes effective for Tax Year 2025 Virginia returns. If legislative changes or issues arise, we will post a new version of this draft form.

Please continue to monitor tax.virginia.gov/early-release-forms for future drafts of this form. Once forms are final, we will post them on our website at tax.virginia.gov/forms.

**Virginia
Form WTC**

Worker Training Tax Credit Application

*File Form WTC, schedules, and required
enclosures by April 1.*

Tax Year

This credit must be approved before being claimed on your return. Approval of courses and apprenticeship programs is required. See the instructions for filing requirements prior to completing this application.

Section I – Taxpayer Information

| | | |
|------------------|--|--------------------------|
| Business Name | | FEIN / SSN |
| Trading As | | Contact Name |
| Street Address | | City, State, ZIP Code |
| Telephone Number | Fax Number | Email Address (Optional) |
| NAICS Code | Description of Principal Business Activity | |

Entity Type (choose one): ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ LLC ☐ Other _____

Was any of this training paid for by the Commonwealth? ☐ Yes ☐ No (If yes, this training does not qualify)

Section II – Credit Information

Complete the part below that corresponds with the schedule you are completing.

Part A – Tax Credit Based on Credit or Noncredit Courses

Complete **Schedule A**, then enter the total number of qualified employees and non-highly compensated workers for which this credit will be claimed and the total credit requested. Complete a separate Schedule A for each course.

| Total Tax Credit Requested for Credit or Noncredit Courses From Schedule A | Total Number of Qualified Employees | Total Number of Non-Highly Compensated Workers | Total Credit Requested (Schedule A, Column G) |
|--|--|---|--|
| | | | |

Part B – Tax Credit Based on Apprenticeship Programs

Complete **Schedule B**, then enter the name of each apprenticeship program approved by the Virginia Department of Workforce Development and Advancement-Virginia Works for which this credit will be claimed, the total number of apprentices, the total number of non-highly compensated workers, and the total credit requested.

| Program Name | Total Number of Apprentices | Total Number of Non-Highly Compensated Workers | Total Credit Requested (Schedule B, Column H) |
|--------------|--------------------------------|---|--|
| | | | |
| | | | |
| | | | |

Section III – Declaration and Signature

I (we) the undersigned declare, under the penalties provided by law, that this form (including any accompanying schedules, statements, and enclosures) has been examined by me (us) and is, to the best of my (our) knowledge and belief, a true, correct, and complete application, made in good faith pursuant to the income tax laws of the Commonwealth of Virginia. If a person other than the taxpayer prepares this application, such declaration is based on all information of which he or she has knowledge.

| | | |
|--------------|--------------|------------|
| Signature | Title | Date |
| Printed Name | Phone Number | Fax Number |

Form WTC Schedule A

Worker Training Tax Credit Application for Credit or Noncredit Courses

Tax Year _____

Page ____ of ____

Complete a Form WTC, Schedule A for **each** course.

To qualify for the Worker Training Tax Credit, credit and noncredit courses must be undertaken at an institution recognized on the Commonwealth's Eligible Training Provider List or at any Virginia public institution of higher education, as described in the instructions. Visit the Virginia Workforce Connection homepage at www.vawc.virginia.gov and navigate to the "Training Providers" page to access the Commonwealth's Eligible Training Provider List. See instructions for details and definitions.

| | |
|---------------------------|---|
| Name as shown on Form WTC | <input type="checkbox"/> FEIN <input type="checkbox"/> SSN |
|---------------------------|---|

| Section I – Program Information | | |
|--|-----------------------|------------|
| Name of Credit / Noncredit Course Provider | Program Name | |
| Street Address | City, State, ZIP Code | |
| Provider Contact Name | Phone Number | Fax Number |
| Email Address (Optional) | Date(s) of Programs | |
| Credential Attained | Program Duration | |
| Program Description: | | |
| | | |
| | | |

Section II – Credit Information

Instructions: Enter one qualified employee or non-highly compensated worker per line. In Column G, multiply the course cost in Column F by 35% (0.35). The amount listed for each employee in Column G cannot exceed \$500 for qualified employees or \$1,000 for non-highly compensated workers. See the instructions for definitions of "qualified employee" and "non-highly compensated worker."

| Column A Name of Qualified Employee or Non-Highly Compensated Worker | Column B Check Box if Employee is a Non-Highly Compensated Worker | Column C SSN | Column D Date Completed | Column E Date Paid | Column F Course Cost | Column G Credit Requested |
|---|--|-----------------|----------------------------|-----------------------|-------------------------|------------------------------|
| 1. | <input type="checkbox"/> | | | | | |
| 2. | <input type="checkbox"/> | | | | | |
| 3. | <input type="checkbox"/> | | | | | |
| 4. | <input type="checkbox"/> | | | | | |
| 5. | <input type="checkbox"/> | | | | | |
| 6. | <input type="checkbox"/> | | | | | |
| 7. | <input type="checkbox"/> | | | | | |
| 8. | <input type="checkbox"/> | | | | | |
| 9. | <input type="checkbox"/> | | | | | |
| 10. | <input type="checkbox"/> | | | | | |

Total for This Page

Enter on the First Schedule A Only – Total Amount from All Other Schedules A Completed

Enter in Section II, Part A, Form WTC and Here – Total of All Schedules A Completed

**Form WTC
Schedule B**

Worker Training Tax Credit Application for Approved Apprenticeship Programs

To qualify for the credit, apprenticeship programs must be part of an apprenticeship agreement approved by the Virginia Department of Workforce Development and Advancement-Virginia Works. See instructions for details and definitions.

Tax Year

Name as shown on Form WTC

☐ FEIN
☐ SSN

Instructions: Enter one qualified employee or non-highly compensated worker per line. Multiply the course cost in Column G by 35% (0.35). Enter the lesser of the calculated amount or \$500 for each qualified employee or \$1,000 for each non-highly compensated worker in Column H. See the instructions for definitions of "qualified employee" and "non-highly compensated worker."

| Column A Name of Qualified Employee or Non-Highly Compensated Worker | Column B Check Box if Employee is a Non-Highly Compensated Worker | Column C School Name | Column D Course Name | Column E Completion Date | Column F Date Paid | Column G Course Cost | Column H Credit Requested |
|--|--|-------------------------|-------------------------|-----------------------------|-----------------------|-------------------------|------------------------------|
| 1. | <input type="checkbox"/> | | | | | | |
| 2. | <input type="checkbox"/> | | | | | | |
| 3. | <input type="checkbox"/> | | | | | | |
| 4. | <input type="checkbox"/> | | | | | | |
| 5. | <input type="checkbox"/> | | | | | | |
| 6. | <input type="checkbox"/> | | | | | | |
| 7. | <input type="checkbox"/> | | | | | | |
| 8. | <input type="checkbox"/> | | | | | | |
| 9. | <input type="checkbox"/> | | | | | | |
| 10. | <input type="checkbox"/> | | | | | | |

Total of Column H for This Page

Enter on the First Schedule B Only – All Other Schedules B, Column H Totals Combined

Enter on First Schedule B Only: Total Credit Requested for All Pages
(Enter Here and in Section II, Part B, Form WTC – All Schedules B, Column H Totals Combined)

Instructions for Form WTC

Virginia Worker Training Tax Credit Application

General Information

For taxable years beginning on and after January 1, 2019, but before July 1, 2025, businesses are allowed a tax credit for eligible worker training. **Eligible worker training** is the training of a qualified employee or non-highly compensated worker in the form of:

- **Credit or noncredit courses** at any institution recognized on the Eligible Training Provider List or at any Virginia public institution of higher education, as such term is defined in *Va. Code* § 23.1-100, or as described in *Va. Code* §§ 23.1-3111, 23.1-3115, 23.1-3120, and 23.1-3125, that results in the qualified employee or non-highly compensated worker receiving a workforce credential; or
- **Instruction or training that is part of an apprenticeship agreement** approved by the Virginia Department of Workforce Development and Advancement-Virginia Works.

The credit is equal to 35% of expenses incurred by the business during the taxable year for the eligible worker training. If the recipient of the training is a qualified employee, the credit cannot exceed \$500 per qualified employee annually. If the recipient of the training is a non-highly compensated worker, the credit cannot exceed \$1,000 per non-highly compensated worker annually.

The total credit granted to all employers and businesses is limited to \$1 million for each fiscal year. If the total qualifying credits exceed this amount, the credit will be prorated. Employers and businesses must apply for their share of the available credit by filing Form WTC with the Department of Taxation to determine their proportionate share of the credit. Notification of the authorized credit amount must be received before the credit may be claimed on the tax return.

This credit is nonrefundable, but excess credit may be carried forward for the next 3 taxable years. No credit can be carried back to a preceding taxable year.

Applicability of the Credit

The credit is allowable against individual income tax, estates and trusts tax, corporate income tax, bank franchise tax, insurance premiums license tax, and license tax on telegraph, telephone, water, heat, light, power, and pipeline companies.

Definitions

Eligible worker training – the training of a qualified employee or non-highly compensated worker in the form of (i) credit or noncredit courses at any institution recognized on the Eligible Training Provider List or at any Virginia public

institution of higher education, as such term is defined in *Va. Code* § 23.1-100, or as described in *Va. Code* §§ 23.1-3111, 23.1-3115, 23.1-3120, and 23.1-3125, that results in the qualified employee or non-highly compensated worker receiving a workforce credential or (ii) instruction or training that is part of an apprenticeship agreement approved by the Virginia Department of Workforce Development and Advancement-Virginia Works.

Industry-recognized – demonstrating competency or proficiency in the technical and occupational skills identified as necessary for performing functions of an occupation based on standards developed or endorsed by employers or industry organizations.

Non-highly compensated worker – a worker whose income is less than Virginia's median wage, as reported by the Virginia Employment Commission, in the taxable year prior to applying for the credit. "Non-highly compensated worker" does not include an owner or relative.

Owner – an individual who owns, directly or indirectly, more than a five percent interest in the business claiming the credit.

Qualified employee – an employee of a business eligible for a credit under this section in a full-time position requiring a minimum of 1,680 hours in the entire normal year of the business' operations if the standard fringe benefits are paid by the business for the employee. Employees in seasonal or temporary positions shall not qualify as qualified employees. "Qualified employee" does not include an owner or relative.

Relative – a spouse, child, grandchild, parent, or sibling of an owner.

Workforce credential – an industry-recognized (i) certification, (ii) certificate, or (iii) degree.

Process Overview for Claiming the Credit

To claim the credit, you must complete a 3-step process:

Step 1: Determine Eligibility of Programs

All taxpayers must complete Form WTC, Sections I and III. The specific requirements for each portion of the credit are provided below.

Credit or Noncredit Courses

To qualify, employers must provide training to a qualified employee or non-highly compensated worker in the form of credit or noncredit courses at any institution recognized on the Eligible Training Provider List or at any Virginia public institution of higher education that results in the qualified employee or non-highly compensated worker receiving a workforce credential.

For the Eligible Training Provider List, visit the Virginia Workforce Connection homepage at www.vawc.virginia.gov and navigate to the “Training Providers” page. Be sure to limit your search to Workforce Innovation & Opportunity Act Eligible Training Providers.

The Virginia median wage for the prior taxable year can be found on the Virginia Employment Commission’s website at www.virginiaworks.com. Select “Wages” and then “Occupational Employment Statistics (OES).”

To determine if the training will qualify for this credit, complete the following:

- Form WTC, Section II, Part A,
- Form WTC, Schedule A.

Apprenticeship Programs

To qualify, employers must provide instruction or training that is part of an apprenticeship agreement approved by the Virginia Department of Workforce Development and Advancement-Virginia Works. For program information, call Virginia Works at **(804) 221-5776**.

To determine if the training will qualify for this credit, complete the following:

- Form WTC, Section II, Part B,
- Form WTC, Schedule B.

Step 2: Requests for Additional Information and Notification of Authorized Credit

Additional Information

If additional information is needed, we will contact you by **May 15** and you will have until **May 31** to respond. If you have not received acknowledgment of your application from the Department of Taxation by **May 31**, call **(804) 786-2992**.

The Department of Taxation will issue the credit by **June 30**. If you have not received your credit certification by **July 15**, call **(804) 786-2992**.

Extension of Time for Filing

If the tax return upon which this credit will be claimed is due on or before May 1, you may need to file an automatic extension payment for any tax due or file an amended return upon receipt of the credit confirmation.

Step 3: Claim Worker Training Credit on Your Return

After receiving notification of authorized credit, you may claim the credit on the applicable Virginia income tax return. See the income tax return instructions for computation and enclosure details.

Instructions For Completing Form WTC and Schedules A and B

Section I – Taxpayer Information

Provide complete entries in each field and indicate what, if any, other credits you have applied for during this taxable year.

NOTE: By providing an email address on the form, the taxpayer consents to allow emailed communications from the Virginia Department of Taxation related to this tax credit application. If the taxpayer does not wish to receive electronic communications, do not enter an email address in the spaces provided on the form.

Section II – Credit Information

Prior to completing Section II, you must complete the corresponding schedule(s) for the portion(s) of the credit you are claiming.

After completing the appropriate schedule(s), complete the part(s) of Section II that correspond with the portion(s) of the credit that you are claiming. See the information below for instructions on how to complete Parts A and B, Section II.

Part A – Tax Credit Based on Credit or Noncredit Courses

Worker Training Credits claimed on the basis of credit or noncredit courses will only be granted for programs undertaken at an institution recognized on the Commonwealth’s Eligible Training Provider List or at any Virginia public institution of higher education that result in the qualified employee or non-highly compensated worker receiving a workforce credential. See the “Process Overview for Claiming the Credit” section above for more information.

Instructions for Schedule A, Worker Training Tax Credit Application for Credit or Noncredit Courses

If additional space is needed, enclose additional copies of the Schedule A. Complete a separate Schedule A for each course taken for which the tax credits are requested.

On Form WTC, Section II, Part A, enter the total number of qualified employees, the total number of non-highly compensated workers, and the total credit requested for training costs for approved courses in the space provided.

Part B – Tax Credit Based on Apprenticeship Programs

Credit will be granted for apprenticeship programs (approved by the Virginia Department of Workforce Development and Advancement-Virginia Works) which meet the qualifications for this credit. See the definitions provided earlier in these instructions, before completing this section.

Instructions for Schedule B, Worker Training Tax Credit Application for Approved Apprenticeship Programs

- If you have more than one school, use a separate Schedule B for each school.
- Organize each school in a separate folder with Form WTC, Schedule B, invoices, Labor Department Apprenticeship Form, and copies of E-checks or canceled checks.

On Form WTC, Section II, Part B, enter the program name(s), total number of apprentices, the total number of non-highly compensated workers, and total credit requested in the space provided.

Where and When to File Form WTC

File **Form WTC** no later than **April 1** in order for the qualification process to be completed. Forms received after that date may not be processed and the credit may not be approved.

File Form WTC, applicable **Schedules A and B**, and required enclosures with the Department of Taxation.

Mail to:

**Virginia Department of Taxation
Tax Credit Unit
P.O. Box 715
Richmond, VA 23218-0715**

What to Enclose

If **Schedule A** is completed, enclose a copy of the documentation used to complete Schedule A, including enrollment forms from the school/college showing the courses taken and payment by the employer.

If **Schedule B** is completed, enclose a signed copy of the Apprenticeship Action Form, Apprenticeship Related Instruction Enrollment Form, and proof of payment by employer.

Pass-Through Entities

The Virginia Department of Taxation will issue a credit certification letter specifying the amount of credit authorized to each partnership, S corporation, or limited liability company qualifying to claim a portion of this credit.

Each pass-through entity must file **Form TCA** with the Department when allocating this credit to its participants. Form TCA should be filed within 30 days after the credit is granted, but at least 90 days prior to the participants filing their income tax returns. Failure to file Form TCA may result in the credit claim being disallowed and/or a delay in processing the participant's return. Form TCA should be sent to: **Virginia Department of Taxation, ATTN: Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715** or you may fax it to **(804) 774-3902**. **Do not do both.**

All pass-through entities distributing this credit to its participants, including owners, shareholders, partners, or members, must give each such participant a Schedule VK-1, Owner's Share of Income and Virginia Modifications and Credits.

Where to Get Help

Write to the **Virginia Department of Taxation, Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715** or call **(804) 786-2992**. Visit **www.tax.virginia.gov** for additional information.